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BEFORE THE ARIZONA CORPORATION COMMISSION

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COMMISSIONERS

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2009 JUL 24 A 11: 29

ARIZONA CORPORATION COMMISSION
DOCKET CONTROL

IN THE MATTER OF THE APPLICATION OF
 SUNRISE WATER COMPANY FOR A
 DETERMINATION OF THE CURRENT FAIR
 VALUE OF ITS UTILITY PROPERTY AND
 FOR AN INCREASE IN ITS WATER RATES
 AND CHARGES.

DOCKET NO. W-02069A-08-0406

STAFF'S CLOSING BRIEF

I. INTRODUCTION.

Sunrise Water Company ("Sunrise" or "Company") is certificated by the Arizona Corporation Commission (the "Commission") to provide water service in Maricopa County.¹ The service area of Sunrise is located in the northern part of Peoria, bounded by Williams Road on the south, Happy Valley Road on the north, 75th Avenue on the east and 99th Avenue on the west.² Sunrise's current rates and charges were authorized on August 31, 1983, in Decision No. 53721. As of December 31, 2007, Sunrise provided water service to approximately 1,324 customers.³ On August 1, 2008, Sunrise filed an application for an increase in rates in the above-captioned matter. Sunrise is seeking an increase of \$222,943 or 17.17% over its reported test year revenues of \$1,304,363, for a total of \$1,527,305 in annual revenue.⁴ Staff is recommending an increase of \$81,096 over its adjusted test year revenues of \$1,318,743 or a 6.15% increase, for a total of \$1,399,838 in annual revenue.⁵ Sunrise's capital structure is comprised of 100% equity, and the Company is requesting a 10% fair value rate of return ("FVROR").⁶ Staff recommends adoption of the Sunrise's request for a 10% FVROR.⁷

¹ Ex. S-2 at 2, [Igwe Direct].² Ex. A-2 at 2, [Collins Direct].³ Ex. S-2 at 2.⁴ Ex. A-7 at 2, [Jones Rejoinder].⁵ Ex. S-3, Schedule AII-1, [Igwe Surrebuttal].⁶ Ex. S-2 at 8.⁷ *Id.* at 9.

Arizona Corporation Commission

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1 Sunrise is organized as a Subchapter S corporation.⁸ J.D. Campbell is the President and sole
2 shareholder of Sunrise.⁹ Mr. Campbell is also the President of West End Water Company ("West
3 End") and J.D. Realty.¹⁰ Sunrise, West End, and J.D. Realty share offices in Peoria, Arizona.¹¹ In
4 addition, Sunrise and West End share common management and technical staff.¹²
5

6 In this matter, there are only nine contested issues.¹³ As it relates to rate base, there is one
7 contested issue regarding the treatment of refunds of Advances in Aid of Construction ("AIAC").
8 Under the operating income statement, one contested revenue item exists. This issue relates to the
9 treatment of hydrant-water sales, and four contested expense items: Rent Expense, Outside Services
10 Expense, Income Tax Expense, and Rate Case Expense. Finally, under rate design, there are three
11 contested issues regarding the break over point for the ¾ inch meter, service charges, and meter and
12 service line installation charges. In this brief, Staff will address each of these issues. It is important
13 to remember in evaluating this case that Sunrise has not been in front of the Commission for a rate
14 case since 1983.

15 **II. RATE BASE ADJUSTMENTS.**

16 Preliminarily, Sunrise did not present any schedules showing Reconstruction Cost New Rate
17 Base ("RCND").¹⁴ It appears that Sunrise is seeking to have its Original Cost Rate Base ("ORCB")
18 treated as Fair Value Rate Base ("FVRB").¹⁵ Sunrise is seeking \$1,248,012 in rate base.¹⁶ However,
19 Staff is recommending \$1,183,834 in rate base.¹⁷ The difference between what Sunrise is seeking,
20 and Staff's recommendation is due to the treatment of refunds of AIAC.
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23

24 ⁸ Ex. S-2 at 3.

⁹ Ex. S-2 at 3.

¹⁰ *Id.*

¹¹ *Id.*

¹² *Id.*

26 ¹³ There are two additional issues regarding adjustments to purchased power and property taxes where differences are due
solely to the treatment of normalized hydrant sales and other disputed items on property tax expense.

27 ¹⁴ Ex. S-2 at 9.

¹⁵ Ex. S-2 at 9.

28 ¹⁶ A-7 at 4, [Jones Rejoinder].

¹⁷ Ex. S-3 at 3.

1 A. **The Commission Should Not Allow Sunrise to Reduce Test Year AIAC by Post**
2 **Test Year Refunds.**

3 The only remaining rate base issue is the Company's post test year treatment of refunds of
4 AIAC. The Company initially sought to reduce the balance of test year end AIAC by \$128,356.¹⁸
5 The Company claims that the amount of the refund is based on the revenue period of July 1, 2007,
6 through June 30, 2008 and is known and measurable. Further, the Company contends that because
7 the refund represents a significant investment in Plant in Service, it should be included in rate base.¹⁹
8 Sunrise did reduce this amount by 50% to \$64,178 in order to reflect the portion of the refund that is
9 attributable to the revenue received during the test year.²⁰ The Company acknowledges that these
10 refunds took place outside of the 2007 test year.

11 To support the inclusion of the post test year refunds in the test year, the Company relies on
12 Arizona Administrative Code R14-2-103. However, R14-2-103(A)(3)(i) provides nothing more than
13 a definition of a pro forma adjustment. Specifically it reads: "Pro forma adjustments" – Adjustments
14 to actual test year results and balances to obtain a normal or more realistic relationship between
15 revenues and, expenses, and rate base." The key words are "normal or more realistic relationship."

16 Staff is not aware of any Commission rule that permits the reduction of test year AIAC by
17 forecasted refunds.²¹ Ratemaking in Arizona is based on a historic test year, which requires matching
18 of investments, revenues and expenses at the end of the Company's chosen test year.²² Sunrise's
19 proposed treatment is in contravention of this fundamental ratemaking principal, and creates a
20 mismatch between test year rate base and revenue requirement.²³

21 The Company's proposal understates AIAC and overstates rate base by \$64,178.²⁴ It is
22 important to note that AIAC is non-investor provided capital, which reduces rate base.²⁵ The
23 Company's proposal has the effect of reducing AIAC and overstating rate base. Under this proposal,
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25 ¹⁸ Ex. A-6 at 3, [Jones Rebuttal].

26 ¹⁹ Ex. A-5 at 6, [Jones Direct].

27 ²⁰ Ex. A-6 at 5.

28 ²¹ Ex. S-2 at 14.

29 ²² *Id.*

30 ²³ Ex. S-3 at 3.

31 ²⁴ Ex. S-2 at 14.

32 ²⁵ *Id.*, Tr. 76.

1 the ratepayers are ultimately required to provide a return on non-investor capital.²⁶ The Company's
2 proposal should not be adopted.

3 4 **III. INCOME STATEMENT ADJUSTMENTS.**

5 The Company is seeking Adjusted Test Year Revenues of \$1,304,363.²⁷ Staff is
6 recommending Adjusted Test Year Revenues of \$1,318,743.²⁸ The sole difference between the
7 Company's proposal and Staff's recommendation is due to differing treatment of hydrant-water sales.

8 **A. The Commission Should Adopt Staff's Normalized Hydrant-Water Sales** 9 **Adjustment.**

10 As indicated above, there is only one contested revenue issue in this case regarding the
11 treatment of hydrant-water sales. The Company is seeking to reduce hydrant-water sales by
12 \$47,815.²⁹ The Company arrived at this adjustment by normalizing the hydrant-water sales using a
13 five-year average of base sales over the period of 2003-2007.³⁰ The Company is also seeking to
14 exclude all water sales from the Flood Control project that occurred during the 2007 test year.³¹ The
15 Company claims the hydrant-water sales from this project does not represent normal sales within the
16 Company's service area.³² In addition, the Company chose "one year that was low, two years that
17 were moderate, and two years that were high."³³

18 Staff agrees that it is appropriate to normalize the hydrant-water sales, but disagrees with the
19 Company's chosen years and, the number of years. Further, Staff does agree that it is appropriate to
20 exclude certain sales as part of normalization of hydrant-water sales.³⁴ Staff recommends
21 normalizing hydrant-water sales over a four year period from 2004 through 2007.³⁵ Normalizing
22 hydrant water sales over this period is appropriate because it represents two years of moderate sales
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24 ²⁶ *Id.*

25 ²⁷ Ex. A-7, Schedule C-1.

26 ²⁸ Ex. S-3, Schedule AII-1.

27 ²⁹ Ex. A-7, Schedule C-2.

28 ³⁰ Ex. A-6 at 9.

³¹ Ex. A-6 at 9.

³² Ex. A-3 at 4.

³³ Tr. 26-27.

³⁴ Ex. S-3 at 4-5.

³⁵ Ex. S-3 at 4.

1 and two years of high sales.³⁶ It is Staff's position that the Sunrise's hydrant-water sales have been
2 trending upward.³⁷ In addition, the Company does not dispute that total hydrant-water sales have
3 increased from 2003 through 2008.³⁸ Staff believes that normalizing the hydrant-water sales from
4 2004 through 2007 will more accurately reflect the future hydrant-waters sales by the Company.³⁹
5 Further, Staff believes it is improper to exclude the sales relating to the Flood Control project.⁴⁰ If
6 the Company's recommendation is adopted, Staff believes it will ultimately understate test year
7 revenues and overstate the revenue requirement.⁴¹

8
9 **B. Contested Expense Issues.**

10 The Company is seeking adjusted test year expenses of \$1,336,905.⁴² Staff is recommending
11 adjusted test year expenses of \$1,281,454.⁴³ The difference between what Sunrise is seeking and
12 what Staff is recommending is due to the following adjustments.

13 ***1. The Adjustment to Purchased Power Expense is Due Solely to Different***
14 ***Methods of Hydrant-water Sales Normalization.***

15 The Company is seeking an adjustment to purchased power expense of \$7,069.⁴⁴ Staff is
16 recommending an adjustment to purchased power expense of \$4,942.⁴⁵ The difference in this
17 adjustment between Sunrise and Staff is due the difference in the normalized level of hydrant-water
18 sales. The Company's adjustment *removes* the power costs associated with 16,777,022 gallons of
19 water that are eliminated through its method of normalization. Staff's adjustment *deducts* the power
20 costs associated with the 11,731,470 that are removed as a result of normalizing hydrant-water sales
21 from 2004 through 2007.

22
23
24 ³⁶ *Id.*

25 ³⁷ Tr. 156.

26 ³⁸ Tr. 25.

27 ³⁹ Tr. 156.

28 ⁴⁰ Tr. 150.

⁴¹ Tr. 150.

⁴² Ex. A-7, Schedule C-1.

⁴³ Ex. S-3, Schedule AII-1.

⁴⁴ Ex. A-5, Schedule C-2 10.

⁴⁵ Ex. S-3, Schedule AII-6.

1 2. *The Commission Should Not Allow Sunrise to Include \$37,595 in Rent*
2 *Expense.*

3 The Company is seeking to include \$12,487 in lease expenses related to a barn, workshop and
4 storage containers.⁴⁶ In addition, the Company is seeking to include \$25,108 in lease expenses
5 related to the field office and storage yard.⁴⁷ It is important to note that the Company leases these
6 facilities from J.D. Campbell, the sole shareholder of the Company.

7 Staff is recommending an adjustment to test year expenses that removes \$37,595 of rent
8 expense.⁴⁸ Staff inspected the barn, workshop, and storage facility as part of its audit procedures and
9 field inspection.⁴⁹ These facilities are located on Mr. Campbell's residential property.⁵⁰ Staff does
10 not believe these facilities are necessary for the provision of service. Further, it appears that Mr.
11 Campbell uses these facilities for his personal benefits.⁵¹ Also, Staff believes the reported rent
12 expense far exceeds the market rate for the leased facilities. More importantly, this is not an arms-
13 length transaction as there is no written lease contract, and Mr. Campbell is the owner of these
14 facilities. In any case, the barn, workshop, and storage facility are older, and lack the necessary
15 amenities to attract a market rate of \$12,487 a year.

16 The Company also incurred rent expense of \$25,108 for the lease of the field office and yard
17 during the test year.⁵² These facilities are also leased from Mr. Campbell, and are located within Mr.
18 Campbell's residential property. The Company claims the field office provides a meeting space for
19 field personnel and the yard provides a storage area. Staff did not find any evidence to support the
20 Company's contention that these facilities are necessary as a provision of service.⁵³ In addition, the
21 Company has a corporate office that the field personnel could use for meetings. Further, Staff
22 believes the lease expense for these facilities far exceeds the market rate.⁵⁴

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25 ⁴⁶ Ex. A-3 at 13.

26 ⁴⁷ *Id.*

27 ⁴⁸ Ex. S-2, Schedule AII-14.

28 ⁴⁹ Ex. S-2 at 29.

⁵⁰ Ex. S-3 at 9.

⁵¹ Ex. S-2 at 29.

⁵² Ex. S-2 at 30.

⁵³ Ex. S-2 at 31.

⁵⁴ *Id.*

1 To the extent the Company does need storage facilities, it can store its material and equipment
2 within the premises at Well #7 at no cost to the ratepayers. Well #7 is located on 1.83 acres
3 approximately one mile from the Company's corporate offices.⁵⁵ Well #7 is fenced and gated, and
4 has adequate space for storing material and equipment. The Company also has a lease storage facility
5 at an Arrowhead Facility that can be used for storage of records.
6

7 The Company claims that it cannot use Well #7 for storage or construct any sort of
8 storage/building without obtaining a Special Use Permit or rezoning the site.⁵⁶ The Company also
9 asserts that the process of rezoning or obtaining a Special Use Permit is extensive and would require
10 significant time.⁵⁷ The Company indicates that even if it is successful in having the site rezoned or
11 obtain a Special Use permit, that it would cost approximately \$150,000 to improve the site.⁵⁸
12 However, Staff does not believe these facilities are necessary for a company the size of Sunrise. If
13 however, these facilities are necessary, the Company should enter into an arms length transaction to
14 ensure the lease amounts are based on current market values.

15 **3. The Commission Should Not Allow Sunrise to Include \$13,500 for Outside**
16 **Services Expense.**

17 Sunrise is seeking to include outside services expense of \$13,500 related to SRW
18 Consulting.⁵⁹ The Company claims that SRW Consulting assists the Company with regulatory
19 compliance by providing regulatory and legislative monitoring and reporting services.⁶⁰ The
20 Company also claims that SRW Consulting assists Sunrise in the development of communication
21 strategies and management of issues encountered at State regulatory agencies including the
22 Commission.⁶¹

23 It is important to remember that Sunrise only has approximately 1,300 customers. The
24 Company admits that SRW consulting at least in part does provide lobbying services. In addition,

25 ⁵⁵ Ex. S-2 at 29, 31.

26 ⁵⁶ Ex. A-4 at 7.

27 ⁵⁷ *Id.*

⁵⁸ *Id.* at 8.

⁵⁹ Ex. A-6 at 10.

28 ⁶⁰ Ex. A-3 at 11.

⁶¹ *Id.*

1 while the Company claims SRW provides assistance with regulatory compliance and issues
2 encountered at the Commission, Sunrise has not been before the Commission for a rate increase since
3 1983. Staff recommends that the Commission exclude outside services expense of \$27,000 related to
4 SRW Consulting. Staff spoke with a representative of SRW consulting regarding its services. The
5 representative indicated that SRW Consulting is a political lobbying entity. As a ratemaking principle,
6 the cost of political lobbying activities, such as those provided by SRW Consulting, are excluded
7 from cost of service because such expenses are incurred at the discretion of management, and do not
8 provide a benefit to ratepayers.⁶²

9
10 **4. Property Tax Expense.**

11 Sunrise is seeking property tax expense of \$62,359.⁶³ Staff is recommending property tax
12 expense of \$60,875.⁶⁴ The Company and Staff are in agreement regarding the method of calculating
13 property tax expense. The difference in these amounts is due to other disputed items that are included
14 in the calculation of property tax expense.

15 **5. The Commission Should Not Allow Sunrise to Include Income Tax Expense.**

16 Sunrise is seeking to include \$65,599 of income tax expense in the calculation of its operating
17 income.⁶⁵ Staff is recommending the exclusion of \$65,599 in income tax expense.⁶⁶ The Company
18 makes four main arguments in support of including income tax expense. First, the Company claims
19 that the net income of Sunrise creates an income tax liability that is a direct result of providing water
20 services and is appropriately recovered in rates.⁶⁷ Second, the Company claims that it should be able
21 to include income tax expense because the Commission had allowed recovery of income tax expense
22 in its previous rate cases.⁶⁸ Third, the Company claims that the Commission has included income tax
23 expense in the rates of other Subchapter S corporations and Limited Liability Companies that do not

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26 ⁶² Ex. S-2 at 26.

27 ⁶³ Ex. A-7, Schedule C-2 at 16.

28 ⁶⁴ Ex. S-3, Schedule AII-9.

⁶⁵ Ex. A-6, Schedule C-1 Rebuttal.

⁶⁶ Ex. S-2 at 47.

⁶⁷ Ex. A-6 at 13.

⁶⁸ *Id.*

1 directly pay income tax.⁶⁹ Finally, the Company asserts that if it is not able to recover income tax
2 expense, its financial condition will weaken and could result in a decrease in the availability of funds
3 for necessary improvements to its system.⁷⁰

4 Sunrise is seeking the inclusion of a pro-forma income tax expense that is calculated in the
5 same manner as the method used by the Commission for a C-Corp that belongs to a consolidated
6 group.⁷¹ The Company is also seeking an alternative method for calculating and including income
7 tax expense.⁷² Under the alternative method, the income taxes are calculated as if the S-Corp had just
8 one shareholder that derived all of its income from the regulated utility.⁷³ This method produces a tax
9 a tax liability of \$55,449 instead of \$65,599.⁷⁴

10 The Commission should not adopt either of the Company's proposals. The important thing to
11 remember is that Sunrise is an S-Corporation. The distinction is with S-Corporations, operating
12 income is distributed to the shareholders.⁷⁵ However, C-Corporations are generally taxed at the
13 corporate level, and then also at the shareholder level, if the corporation issues dividend.⁷⁶ When a
14 C-Corporation files a consolidated corporate income tax return with the parent company, the
15 consolidated return includes taxable income of all of its affiliates and subsidiaries.⁷⁷ The problem in
16 this case is that Sunrise is not a C-Corporation, and that treating it as such for the purpose of
17 recognizing corporate income tax expense creates a fiction.

18 The Company cites to a number of cases from other jurisdictions where the commission and
19 courts from those jurisdictions allowed for the recovery of income tax expense for S-Corporations,
20 L.L.C.'s, and Sole Proprietors.⁷⁸ The Company also cites to a number of cases from other
21 jurisdictions where the commissions and courts from those jurisdictions have denied the recovery of
22 income tax expense for S-Corporations and L.L.C.'s.⁷⁹ However, the Company was only able to cite

23 ⁶⁹ *Id.*

24 ⁷⁰ *Id.*

25 ⁷¹ Ex. A-7 at 16.

26 ⁷² *Id.*

27 ⁷³ Ex. A-7 at 17.

28 ⁷⁴ *Id.*

⁷⁵ Tr. 278-79.

⁷⁶ *Id.*

⁷⁷ *Id.*

⁷⁸ Ex. A-15 at 2.

⁷⁹ Ex. A-15 at 8.

1 to four Commission cases and one court case in Arizona that addressed the issue of income tax
2 expense.⁸⁰ The Company cites to Fisher's Landing Water and Sewer Works, L.L.C., Winchester
3 Water Company, L.L.C., and Wickenburg Ranch Water, L.L.C., for the proposition that the
4 Commission has "often allowed" recovery of income tax expense by L.L.C.'s and S-Corps. This is
5 incorrect.

6
7 First, these are just three examples out of the many cases that the Commission processes each
8 year where the Commission inadvertently allowed recovery of income tax expense by L.L.Cs. The
9 cited cases hardly amount to having "often allowed" recovery of income tax expense by non C-
10 Corps. In addition, the allowance of income tax expense for these utilities resulted from an
11 inadvertent omission.⁸¹ Staff has corrected these errors in subsequent rate filings for Fisher's Land
12 Water and Sewer Works L.L.C., and Winchester Water Company L.L.C.⁸² Regarding Wickenburg
13 Ranch Water L.L.C., the company is not currently collecting income tax expense from ratepayers.⁸³
14 Staff anticipates that the Commission will rectify this omission in the future.⁸⁴ Sunrise referenced
15 Consolidated Water Utilities v. Ariz. Corp. Comm'n, 178 Ariz. 478, 875 P.2d 137 (1993), during the
16 hearing in this matter. However, this case supports Staff's position in this matter. Specifically, the
17 Court held that ". . . the decision to allow or disallow . . . tax expense is to be made by the
18 Commission, and not the Courts." *Id.* at 484, 143. In this case, Sunrise has not demonstrated that the
19 Commission has generally allowed income tax expense for non C-Corps. The Company also cites to
20 the 1997 Camp Verde Water System, Inc. Decision No. 60105 for the proposition that the
21 Commission has allowed recovery of income tax expense by an S-corporation. However, the
22 Commission was very clear in Decision No. 60105:

23 The Company did not request any income taxes since it is a Subchapter S corporation
24 and the Commission has adopted a policy of not allowing income taxes for entities
25 which are not required to pay income taxes. Similarly Staff did not recommend any
income taxes. At the hearing, the Company indicated that CoBank would not loan the

26 ⁸⁰ Ex. A-15 at 11; Tr. 293-94.

27 ⁸¹ Ex. S-4 at 2.

28 ⁸² *Id.*

⁸³ *Id.*

⁸⁴ Ex. S-4 at 3.

1 Company money unless the rates approved herein would provide for income taxes that
2 would be paid by the individual shareholders.

3 The Commission further stated that:

4 Under the circumstances presented herein, we are not going to adjust the rate of return
5 for income taxes as requested by the Company. We are going to allow income taxes in
6 this case at the lowest individual/corporate income tax rates

7 Sunrise has not presented any unique circumstances that warrant the Commission deviating
8 from its policy of disallowing income tax expense for S-Corps.⁸⁵

9 **6. Rate Case Expense.**

10 Initially, Sunrise was seeking to include \$75,000 in rate case expense or an amortized amount
11 of \$25,000.⁸⁶ Staff agreed that this was a reasonable amount of rate expense. However, in rejoinder
12 testimony, the Company increased the total amount of rate case expense that it is seeking in this case
13 to \$90,000 or a normalized amount of \$30,000 over three years. The Company acknowledges that
14 there were no new issues in this case that occurred between when Staff filed direct testimony and
15 when the Company filed rejoinder testimony.⁸⁷ The Company did not indicate when it was
16 recommending recovery of \$75,000 in rate case expense that it was not all inclusive.⁸⁸

17 Staff believes that over the course of this matter, the issues have been narrowed. This will
18 most likely reduce the Company's rate case related expenses, not increase them. Even as of rejoinder
19 testimony, the Company admits that it has only spent \$64,500 of the original \$75,000 budget. Staff
20 believes the remainder of this budget should be sufficient to allow the Company to see this case
21 through to completion.⁸⁹ Another point to consider is whether \$90,000 in rate case expense is
22 appropriate given that Sunrise only has approximately 1,300 customers.

23 **IV. RATE DESIGN.**

24 There are only three issues related to rate design in this case. The first issue relates to the
25 break-over point for the ¾-inch meter size between tier 2 and tier 3. The second issue relates to the

26 ⁸⁵ Tr. 300-01.

27 ⁸⁶ Ex. A-7 at 18.

⁸⁷ Tr. 91-92.

28 ⁸⁸ Tr. 162-63.

⁸⁹ Tr. 163-64.

1 Company's proposed service charge for 2-inch meter (compound) and the separation of service line
2 charges and meter charges. The third issue relates to the meter charge for a 5/8-inch x 3/4inch meter
3 size.
4

5 Regarding the first issue, the Company is seeking an 18,000 gallon break-over point between
6 tier 2 and tier 3 for the 3/4inch meter size.⁹⁰ It is the Company's position that establishing a break-
7 over point at the average usage for this meter size send the proper conservation price signal to its
8 customers without placing undue burden on the below average usage.⁹¹ Staff is in agreement with the
9 Company regarding its proposed tiered rate structure and that the corresponding break-over points
10 will foster the Commission's goal of efficient utilization of water in Arizona.⁹² However, Staff is
11 recommending a second break-over point of 13,000 gallons for 3/4inch meter to encourage more
12 efficient use of water.⁹³ The Company's customers have a very high consumption pattern, with
13 median usage of 13,476 gallons, and an average consumption of 17,782 gallons.⁹⁴ The Company
14 acknowledges that a lower break-over point will promote the more efficient use of water than a
15 higher break-over point.⁹⁵

16 The other two issues relate to Service Line and Meter installation charges. Staff is proposing
17 a tariff for 5/8-inch x 3/4inch meter.⁹⁶ The Company indicates that a meter and service line charge is
18 not needed due to the fact that most lot sizes within its service area are large and require larger meter
19 sizes.⁹⁷ Staff is also recommending a slightly lower meter installation and services line charge for the
20 2 inch meter (compound).⁹⁸ Finally Staff is recommending separate meter and service line
21 installation charges.⁹⁹
22
23

24 ⁹⁰ Ex. A-7 at 18.

25 ⁹¹ *Id.*

26 ⁹² Ex. S-2 at 49.

27 ⁹³ Ex. S-3 at 13.

28 ⁹⁴ *Id.*

⁹⁵ Tr. 93.

⁹⁶ Ex. S-1 at 12.

⁹⁷ Ex. A-7 at 19.

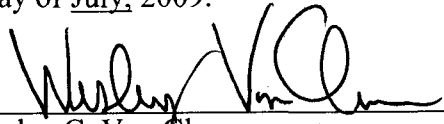
⁹⁸ Ex. S-1 at 12.

⁹⁹ Ex. S-1 at 12.

1 V. CONCLUSION.

2 The Commission should adopt Staff's recommendations in this case as contained in its
3 testimony and herein. Staff's recommendations will result in just and reasonable rates for Sunrise.

4 RESPECTFULLY SUBMITTED this 24th day of July, 2009.

5 
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